



DEPARTMENT OF COMMERCE

International Trade Administration

[C-821-832]

Urea Ammonium Nitrate Solutions from the Russian Federation: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of urea ammonium nitrate solutions (UAN) from the Russian Federation (Russia).

DATES: Applicable [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Kristen Johnson (Public Joint Stock Company Acron (Acron)) or John Hoffner and Laura Griffith (the EuroChem Companies), AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4793, (202) 482-3315, or (202) 482-6430, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 3, 2021, Commerce published its *Preliminary Determination*.¹ Subsequently, on February 17, 2022, Commerce released its Post-Preliminary Analysis.² For a complete description of the events that followed the *Preliminary Determination* and Post-Preliminary Analysis, see the Issues and Decision Memorandum.³ The Issues and Decision

¹ See *Urea Ammonium Nitrate Solutions from the Russian Federation: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with the Final Antidumping Duty Determination*, 86 FR 68635 (December 3, 2021) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

² See Memorandum, “Post-Preliminary Analysis in Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation,” dated February 17, 2022 (Post-Preliminary Analysis).

³ See Memorandum, “Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation,” dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

Memorandum is a public document and is made available to the public via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Period of Investigation

The period of investigation is January 1, 2020, through December 31, 2020.

Scope of the Investigation

The products covered by this investigation are UAN from Russia. For a complete description of the scope of the investigation, *see* Appendix I.

Scope Comments

No interested party commented on the scope of the investigation as it appeared in the *Preliminary Determination*. Therefore, no changes were made to the scope of the investigation.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs that were submitted by parties in this investigation are discussed in the Issues and Decision Memorandum. For a list of the issues raised by interested parties and addressed in the Issues and Decision Memorandum, *see* Appendix II to this notice.

Methodology

Commerce conducted this investigation in accordance with section 701 the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁴ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce relied, in part, on the facts otherwise available on the record pursuant to section 776(a) of the Act. Additionally, as discussed in the Issues and Decision Memorandum, because a respondent did not act to the best of its ability in responding to Commerce’s requests for information, we drew adverse inferences, where appropriate, in selecting from among the facts otherwise available, pursuant to section 776(b) of the Act. For further information, *see* the section “Use of Facts Otherwise Available and Adverse Inferences” in the Issue and Decision Memorandum.

Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. However, we took additional steps in lieu of on-site verifications to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Act.⁵

⁴ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁵ *See* Commerce’s Letters, “Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation: Supplemental Questionnaire in Lieu of On-Site Verification for the Government of the Russian Federation,” dated February 22, 2022; “Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation: Supplemental Questionnaire in Lieu of On-Site Verification for Acron,” dated February 22, 2022; and “Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation: Verification Questionnaire for the EuroChem Companies,” dated February 25, 2022.

Changes Since the *Preliminary Determination* and Post-Preliminary Analysis

Based on our review and analysis of the comments received from parties, we made certain changes to the respondents' preliminary subsidy rate calculations. For a discussion of these changes, *see* the Issues and Decision Memorandum.

All-Others Rate

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated an individual estimated countervailable subsidy rate for Acron and the EuroChem Companies. Section 705(c)(5)(A)(i) of the Act states that, for companies not individually investigated, Commerce will determine an "all-others" rate equal to the weighted-average countervailable subsidy rates established for exporters and/or producers individually investigated, excluding any zero and de minimis countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

Commerce has calculated individual estimated countervailable subsidy rates for Acron and the EuroChem Companies⁶ that are not zero, *de minimis*, or based entirely on facts otherwise available. We, therefore, calculated the all-others rate using a weighted average of the individual estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged values for the merchandise under consideration,⁷ in accordance with section 705(c)(5)(A)(i) of the Act.

Final Determination

⁶ For purposes of this investigation, the EuroChem Companies are: MCC EuroChem; Nevinka; and NAK Azot.

⁷ With two respondents under examination, Commerce normally calculates: (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. *See, e.g., Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). As complete publicly ranged sales data was available, Commerce based the all-others rate on the publicly ranged sales data of the mandatory respondents. For a complete analysis of the data, *see* Memorandum, "Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation: All Others Rate for Final Determination All-Others Rate Calculation Memorandum," dated concurrently with, and hereby adopted by, this notice.

Commerce determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate (percent <i>ad valorem</i>)
EuroChem Companies ⁸	6.27
Public Joint Stock Company Acron ⁹	9.66
All Others	8.47

Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in this final determination within five days of its public announcement, or if there is no public announcement, within five days of the date of the publication of this notice in the *Federal Register*, in accordance with 19 CFR 351.244(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after December 3, 2021, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we instructed CBP to discontinue the suspension of liquidation of all entries of subject merchandise entered or withdrawn from warehouse, on or after April 2, 2022, but to continue the suspension of liquidation of all entries of subject merchandise between December 3, 2021, and April 1, 2022.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a countervailing duty order, reinstate the suspension of liquidation

⁸ Commerce determines that the following companies are cross-owned with Joint Stock Company Nevinnomyssky Azot (Nevinka): Mineral and Chemical Company EuroChem, Joint Stock Company (MCC EuroChem); and Azot, Joint Stock Company (NAK Azot).

⁹ Commerce determines that the following companies are cross-owned with Public Joint Stock Company Acron: Joint Stock Company Acron Group; and Acron Switzerland AG.

under section 706(a) of the Act, and require a cash deposit of estimated countervailing duties for entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, Commerce will notify the ITC of its final affirmative determination that countervailable subsidies are being provided to producers and exporters of UAN from Russia. As Commerce's final determination is affirmative, in accordance with section 705(b) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured or threatened with material injury. In addition, we are making available to the ITC all non-privileged and nonproprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding APO

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: June 17, 2022.

Lisa W. Wang,
Assistant Secretary
for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is all mixtures of urea and ammonium nitrate in aqueous or ammonia solution, regardless of nitrogen concentration by weight, and regardless of the presence of additives, such as corrosion inhibitors and soluble micro or macronutrients (UAN).

Subject merchandise includes merchandise matching the above description that has been processed in a third country, including by commingling, diluting, adding or removing additives, or performing any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the subject country.

The scope also includes UAN that is commingled with UAN from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of this investigation.

The covered merchandise is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 3102.80.0000. Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Issue and Decision Memorandum

- I. Summary
 - II. Background
 - III. Scope of the Investigation
 - IV. Subsidies Valuation
 - V. Benchmark and Interest Rates
 - VI. Use of Facts Otherwise Available and Adverse Inferences
 - VII. Analysis of Programs
 - VIII. Analysis of Comments
 - Comment 1: Whether Commerce Should Apply a Tier-One Benchmark for Natural Gas
 - Comment 2: Whether Kazakh Exports to Russia Are World Market Prices Available to Purchasers in Russia
 - Comment 3: Whether Kazakhstan's Natural Gas Market Is Distorted by Government of Russia (GOR) or Government of Kazakhstan (GOK) Involvement Thereby Making Prices for Kazakh Exports of Natural Gas Ineligible for Use as a Tier-Two Benchmark
 - Comment 4: Whether Commerce Should Select the International Energy Agency (IEA) Industry Natural Gas Prices as a Tier-Three Benchmark
 - Comment 5: Whether Commerce Should Apply Adverse Facts Available (AFA) to Find PJSC Rosneft Oil Company (Rosneft) a Government Authority
 - Comment 6: Whether the Provision of Natural Gas Is *De Facto* Specific
 - Comment 7: Whether Commerce Should Attribute the Benefit from Subsidies to All Affiliated EuroChem Companies
 - Comment 8: Whether Commerce Will Implement the Ministerial Error Correction
 - IX. Recommendation
- [FR Doc. 2022-13565 Filed: 6/23/2022 8:45 am; Publication Date: 6/24/2022]